

LEEDS AREA SPECIAL SERVICE DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS



KEMP BURDICK
KEMP BURDICK HINTON & HALL L.C.
CPA'S & ADVISORS

**LEEDS AREA SPECIAL SERVICE DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

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Report of Independent Certified Public Accountants

To the Administrative Board of Directors
Leeds Area Special Service District
Leeds, UT 84746

MEMBERS:
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MARK E. TICHENOR

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Leeds Area Special Service District, a component unit of Washington County as of and for the year ended December 31, 2005, which collectively comprise the District's financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Leeds Area Special Service District.

A review consists principally of inquiries of Entity personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information or management's discussion and analysis.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
March 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Leeds Area Special Service District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net assets) by \$ 361,371 at the close of the fiscal year.
- Total net assets decreased by \$60,140.
- Total long-term debt decreased by \$14,259.
- The District received federal and state grant funds of 50,706.
- Total revenues from all sources were \$209,387 and the total cost of all District programs was \$269,527.
- Total revenue received in the General Fund was \$9,019 more than the final budget and expenditures were \$718 more than the final budget.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$73,422 or 37% of total General Fund expenditures.
- The District transferred \$10,000 to the capital projects fund in the current year.
- The District began assessing impact fees during 2005. As of December 31, 2005 the District had collected \$6,868 in impact fees.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or jurisdiction, the availability of capital projects, and condition of the District's assets to accurately assess the overall health of the District.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Government activities – All of the District's basic services are considered to be governmental activities, including public safety and interest on long-term debt. Property taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District's major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. The District's combined assets exceed liabilities by \$361,373 as of December 31, 2005 as shown on the following condensed statement of net assets.

Statement of Net Assets

	12/31/2004	12/31/2005
Current and other assets	\$ 160,014	\$ 173,183
Capital assets	567,629	479,090
Total assets	727,643	652,273
Long-term obligations	283,044	268,121
Other liabilities	23,088	22,781
Total liabilities	306,132	290,902
Net assets:		
Invested in capital assets, net of related debt	270,344	196,064
Restricted	-	7,944
Unrestricted	151,167	157,363
Total net assets	\$ 421,511	\$ 361,371

Governmental Activities

The cost of all Governmental activities this year was \$269,527. \$50,004 of this cost was paid for by those who directly benefited from the programs, \$50,706 was subsidized by grants received from other governmental organizations for operating and capital activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$100,710. General taxes, investment earnings and other revenues totaled \$108,677.

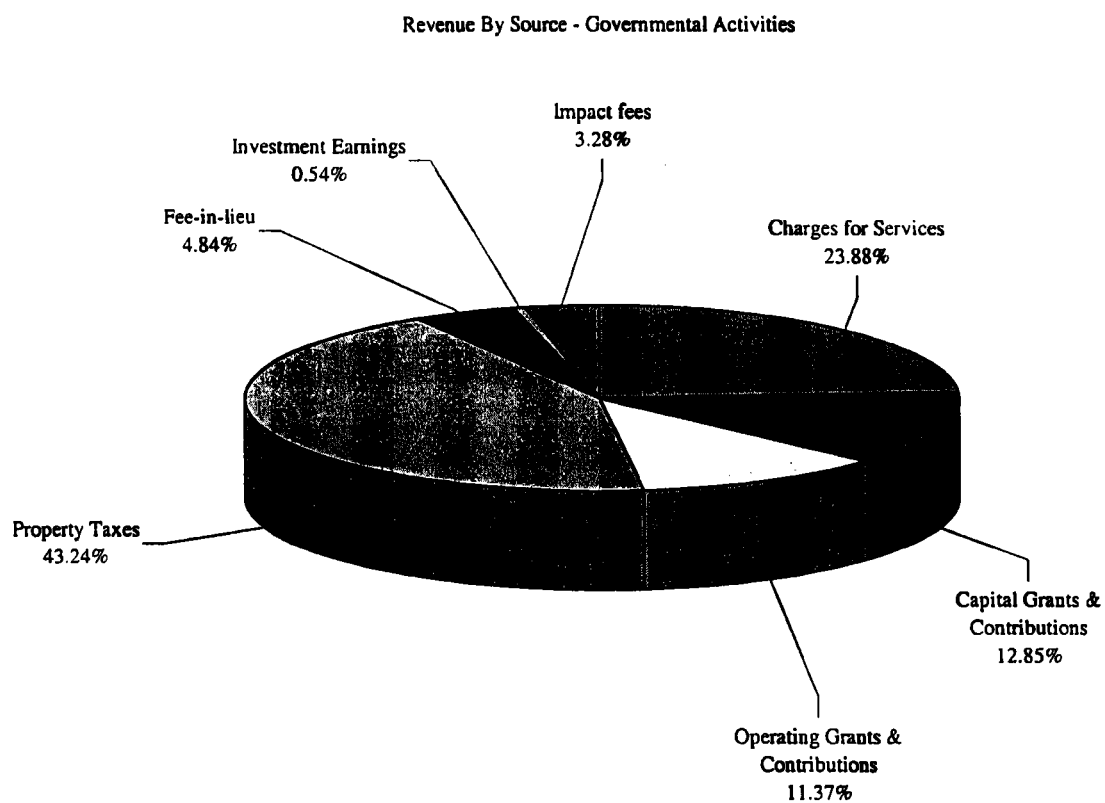
The District's programs include: Public Safety. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the District's general taxes support each of the District's programs.

Changes in Net Assets

	<u>12/31/2004</u>	<u>12/31/2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 39,175	\$ 50,004
Operating grants and contributions	-	23,810
Capital grants and contributions	81,187	26,896
General revenues:		
Property taxes	79,752	90,546
Fee-in-lieu	11,392	10,135
Impact Fees	-	6,868
Unrestricted investment earnings	508	1,128
Gain on the sale of assets	9,633	-
Total revenues	<u>221,647</u>	<u>209,387</u>
Expenses:		
Public safety	203,055	255,586
Interest on long-term debt	13,520	13,941
Total expenses	<u>216,575</u>	<u>269,527</u>
Increase in net assets	5,072	(60,140)
Net assets, beginning	<u>416,439</u>	<u>421,511</u>
Net assets, ending	<u>\$ 421,511</u>	<u>\$ 361,371</u>

Total resources available during the year to finance governmental operations were \$630,898 consisting of Net assets at January 1, 2005 of \$421,511, program revenues of \$100,710 and General Revenues of \$108,677. The total cost of Governmental Activities during the year was \$269,527; thus Governmental Net Assets were decreased by \$60,140 to \$361,371.

The following graph provides a breakdown of revenues by source for all government activities.



BASIC FINANCIAL STATEMENTS

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$719 more than actual expenditures. Actual revenues were greater than the final budget by \$9,019. Budget amendments and supplemental appropriations were not made during the year after the adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions. Capital Assets include land, buildings, equipment, and emergency vehicles. At the end of fiscal year 2005, net capital assets of the government activities totaled \$479,090. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the District had \$283,026 in governmental type debt which is secured by the buildings and equipment of the District. (See note 6 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District Budget for fiscal year 2006, the District Board and management estimated the budget for operating revenues and expenditures will be similar to 2005.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Bray, Director of the Leeds Area Special Service District at P.O. Box 460901, Leeds, UT 84746 or call 435-879-2108.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Net Assets
December 31, 2005

Assets

Cash and cash equivalents	\$ 143,056
Receivables (net of allowance)	14,307
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	15,820
Capital assets (net of accumulated depreciation)	
Land	15,950
Buildings and improvements	104,385
Machinery and equipment	105,789
Emergency Vehicles	252,966
Total assets	<u>652,273</u>

Liabilities

Interest payable	7,876
Noncurrent liabilities:	
Due within one year	14,905
Due in more than one year	268,121
Total liabilities	<u>290,902</u>

Net Assets

Invested in capital assets, net of related debt	196,064
Restricted for:	
Debt service	1,076
Capital projects	6,868
Unrestricted	157,363
Total Net Assets	<u>\$ 361,371</u>

See accompanying notes and accountants' report.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Balance Sheet
Governmental Funds
December 31, 2005

	General Fund	Capital Project Fund	Total Governmental Funds
Assets:			
Cash and Investments	\$ 59,115	\$ 83,941	\$ 143,056
Accounts receivable	8,652	-	8,652
Due from other governments	5,655	-	5,655
Restricted cash	8,952	6,868	15,820
Total Assets	\$ 82,374	\$ 90,809	\$ 173,183
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balances:			
Reserved for:			
Debt service	8,952	-	8,952
Capital outlay	-	6,868	6,868
Unreserved:			
Designated for capital projects	-	83,941	83,941
Undesignated	73,422	-	73,422
Total fund balances	82,374	90,809	173,183
Total Liabilities and fund balance	\$ 82,374	\$ 90,809	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	479,090
Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(290,902)
Net assets of governmental units	<u>\$ 361,371</u>

See accompanying notes and accountants' report.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Capital Project Fund	Total Governmental Funds
Revenues:			
Property Taxes/Standby fees	\$ 90,546	\$ -	\$ 90,546
Fee-in-lieu taxes	10,135	-	10,135
Ambulance Fees	39,024	-	39,024
Grants	50,706	-	50,706
Impact Fees	-	6,868	6,868
Contributions/fund raisers	5,376	-	5,376
Finance charges and other revenues	5,604	-	5,604
Interest revenue	1,128	-	1,128
Total Revenues	202,519	6,868	209,387
Expenditures:			
Current:			
Administration	55,476	-	55,476
Fire protection and emergency services	29,974	-	29,974
Ambulance	32,137	-	32,137
Debt service	28,200	-	28,200
Capital outlay	50,431	-	50,431
Total Expenditures	196,218	-	196,218
Excess of Revenues Over/(Under) Expenditures	6,301	6,868	13,169
Other Financing Sources (Uses):			
Transfers in	-	10,000	10,000
Transfers out	(10,000)	-	(10,000)
Net change in fund balances	(3,699)	16,868	13,169
Fund Balance - Beginning of Year	86,073	73,941	160,014
Fund Balance - End of Year	\$ 82,374	\$ 90,809	\$ 173,183

See accompanying notes and accountants' report.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 13,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(88,539)
The net effect of transactions involving the sale of capital assets is to decrease net assets.	-
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	14,259
Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities	971
Change in net assets of governmental activities	<u>\$ (60,140)</u>

See accompanying notes and accountants' report.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies

General

The accounting and reporting policies of the Leeds Area Special Service District (The District) conform with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The District, a component unit of Washington County was established January 26, 1998 by the Washington County Commission. The District provides fire protection and ambulatory services for the community of Leeds and the surrounding area. The Accompanying financial statements include all activities of the District. There are no other agencies or component units that should be associated with these financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information about the District, the primary government, as a whole.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long term debt of the District are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that the amounts can be reasonably determined within the current period. "Available" means that the amounts are collectible within the current period, or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, except for interest on long-term debt, which is recognized when due.

The **General Fund** is used to account for all financial resources applicable to the general operations of the District.

The **Capital Project Fund** is used to account for all financial resources applicable to the capital projects of the District.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by resolution by the Board on or before December 15th for the following calendar year in accordance with State law. Prior to adoption of the budget a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principals using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. During the current fiscal year there were amendments to the budget. The District followed the procedures for amending the budgets as prescribed by State law.

Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the General Capital Asset Account Group. Infrastructure such as streets, traffic signals and signs are capitalized. The District has no infrastructure assets. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 30 years; equipment, 10 years.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors or grantors. When both restricted and unrestricted assets are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Compensated Absences

There are no accruals for accumulated sick and vacation as the District currently does not have any full-time employees nor such a policy.

Inventory

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Also, the District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Risk Management

The District maintains insurance for general liability, auto liability, collision, property damage, comprehensive fire & theft, fidelity bonds, and workers compensation through the Utah Local Government Insurance Trust.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 1. Significant Accounting Policies, Continued

Property Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the District in monthly installments. Taxes are levied and are due and payable on November 1 and delinquent after November 30 of each year at which time they become liens if not paid. Over 75% of the District's taxes are remitted to the District in December and January.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds Payable	\$ 207,300
Capital lease	75,726
Accrued Interest Payable	<u>7,876</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 290,902</u></u>

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital Outlay	\$ 43,844
Depreciation expense	<u>(132,384)</u>
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (88,540)</u></u>

NOTE 3. Deposits and Investments

Deposits and Investments of the District at June 30, 2005 consist of the following:

Deposits:	
Cash in bank	<u>\$ 158,876</u>
Total deposits	<u><u>\$ 158,876</u></u>

A reconciliation of cash as shown on the Statement of Net Assets is as follows:

Cash and cash equivalents	\$ 143,056
Restricted cash and cash equivalents	<u>15,820</u>
Total cash and cash equivalents	<u><u>\$ 158,876</u></u>

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 3. Deposits and Investments, Continued

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2005, \$0 of the District's bank balance of \$107,725 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investment for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's, bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The District had no investments during the fiscal year December 31, 2005.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 4. Accounts Receivable – Due From Other Governments

Amounts shown as accounts receivable are accruals for ambulance billings receivable as of December 31, 2005. No allowance for doubtful accounts has been provided. Adjustments for bad debts are made and written off throughout the year.

Amounts shown as Due from Other Governments are amounts “measurable and available” and due from the county for property taxes collected within 60 days after December 31, 2005.

NOTE 5. Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2005 is as follows:

Governmental Activities:

	<u>Balance 12/31/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2005</u>
Capital assets, not being depreciated:				
Land	\$ 15,950	\$ -	\$ -	\$ 15,950
Total capital assets, not being depreciated	<u>15,950</u>	<u>-</u>	<u>-</u>	<u>15,950</u>
Capital assets, being depreciated:				
Buildings and Improvements	116,035	8,500	-	124,535
Machinery and Equipment	254,622	6,663	-	261,285
Emergency Vehicles	<u>517,317</u>	<u>28,681</u>	<u>(10,500)</u>	<u>535,498</u>
Total capital assets, being depreciated	<u>887,974</u>	<u>43,844</u>	<u>(10,500)</u>	<u>921,318</u>
Less accumulated depreciation for:				
Buildings and Improvements	(16,957)	(3,193)	-	(20,150)
Machinery and Equipment	(130,652)	(24,844)	-	(155,496)
Emergency Vehicles	<u>(188,685)</u>	<u>(104,347)</u>	<u>10,500</u>	<u>(282,532)</u>
Total accumulated depreciation	<u>(336,294)</u>	<u>(132,384)</u>	<u>10,500</u>	<u>(458,178)</u>
Total capital assets, being depreciated, net	<u>551,680</u>	<u>(88,540)</u>	<u>-</u>	<u>463,140</u>
Governmental activities capital assets, net	<u>\$ 567,630</u>	<u>\$ (88,540)</u>	<u>\$ -</u>	<u>\$ 479,090</u>

The entire \$132,384 of depreciation was charged to the governmental activity, public safety.

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 6. Long -Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2005.

	Balance 12/31/2004	Additions	Retirements	Balance 12/31/2005	Current Portion
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 219,299	\$ -	\$ 11,999	\$ 207,300	\$ 12,510
Total bonds payable	219,299	-	11,999	207,300	12,510
Capital leases	77,986	-	2,260	75,726	2,395
Governmental activity					
Long-term liabilities	\$ 297,285	\$ -	\$ 14,259	\$ 283,026	\$ 14,905

Bonds Payable at December 31, 2005 are comprised of the following issues:

Revenue Bonds

Revenue Bond, Series 2001, due in annual principal and interest installments of \$3,316, bearing interest at 4.75% maturing August 1, 2016.

\$ 27,797

Public Safety Revenue Bond, due in annual principal and interest installments of \$9,392 bearing interest at 4.625% maturing March 25, 2017.

90,084

Public Safety Revenue Bond, due in annual principal and interest installments of \$9,312 bearing interest at 4.5% maturing October 23, 2018.

89,419

Total Bonds Payable

\$ 207,300

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
Notes to the Financial Statements
December 31, 2005

NOTE 6. Long -Term Debt, Continued

Other long term debt at December 31, 2005 is comprised of the following:

Leases Payable:

Capital lease payable to the Town of Leeds for the purchase of the Leeds Fire Station, with annual principal and interest payments of \$6,181 through May 1, 2025.	<u>\$ 75,726</u>
Total Leases Payable	<u>75,726</u>
Total Long-Term Debt	283,026
Less Current Portion:	
Governmental-type Activities	<u>(14,905)</u>
Net Long-Term Debt	<u><u>\$ 268,121</u></u>

The annual requirements to amortize bonds payable at December 31, 2005 are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 12,510	\$ 9,510	\$ 22,020
2007	13,083	8,937	22,020
2008	13,685	8,335	22,020
2009	14,314	7,706	22,020
2010	14,971	7,049	22,020
2011-2015	85,819	28,049	113,868
2016-2018	<u>52,921</u>	<u>7,976</u>	<u>60,897</u>
	<u><u>\$ 207,303</u></u>	<u><u>\$ 77,562</u></u>	<u><u>\$ 284,865</u></u>

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
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December 31, 2005

NOTE 7. Capital Lease

The District has entered into a lease agreement that is considered a capital lease in accordance with Financial Accounting Standard Board statement number 13. Buildings and improvements under capitalized leases amount to \$89,896 at year end.

The following is an annual schedule of future minimum lease payments at 5 percent under the capital lease, with the present value of the net minimum lease payments for the years ending December 31:

Year Ending Dec 31	
2006	\$ 6,181
2007	6,181
2008	6,181
2009	6,181
2010	6,181
2011-2015	30,905
2016-2020	30,905
2021-2024	24,724
2025	2,723
Total remaining minimum lease payments	120,162
Less amount representing interest	(44,436)
Present value of net remaining minimum lease payments	<u>\$ 75,726</u>

NOTE 8. Interfund Transactions and Balances

Interfund transfers for the year ended December 31, 2005 consisted of a \$10,000 transfer from the general fund to the capital project fund.

Transfers are used to (1) move revenues from the fund that statute or budget requirements to collect them to the fund that statute or budget requires to expand them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

REQUIRED SUPPLEMENTARY INFORMATION

LEEDS AREA SPECIAL SERVICE DISTRICT
(A Component Unit of Washington County, Utah)
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property Taxes/Standby fees	\$ 70,000	\$ 77,000	\$ 90,546	\$ 13,546
Fee-in-lieu taxes	11,500	11,500	10,135	(1,365)
Ambulance Fees	39,000	43,000	39,024	(3,976)
Grants	11,700	49,900	50,706	806
Contributions/fund raisers	2,500	6,000	5,376	(624)
Finance charges and other revenues	3,000	5,600	5,604	4
Interest revenue	500	500	1,128	628
Total Revenues	<u>138,200</u>	<u>193,500</u>	<u>202,519</u>	<u>9,019</u>
Expenditures:				
Current:				
Administration	52,300	54,400	55,476	(1,076)
Fire protection and emergency services	11,500	29,100	29,974	(874)
Ambulance	27,700	34,900	32,137	2,763
Debt service	28,200	28,200	28,200	-
Capital outlay	8,500	48,900	50,431	(1,531)
Total Expenditures	<u>128,200</u>	<u>195,500</u>	<u>196,218</u>	<u>(718)</u>
Excess of Revenues Over/(Under) Expenditures	<u>10,000</u>	<u>(2,000)</u>	<u>6,301</u>	<u>8,301</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(12,000)</u>	<u>(3,699)</u>	<u>8,301</u>
Fund Balance - Beginning of Year	<u>86,073</u>	<u>86,073</u>	<u>86,073</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 86,073</u>	<u>\$ 74,073</u>	<u>\$ 82,374</u>	<u>\$ 8,301</u>

See accountants' report.